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5-5794

3 January 1974

MEMORANDUM FOR: Deputy Director for Intelligence

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SUBJECT : Request of Senator Lloyd M. Bentsen
(D-Texas) for Information on Soviet
Defense Expenditures as a Share of
GNP

1. On 2 January 1974, Senator Lloyd Bentsen of Texas requested, through Colonel Harrick of the Office of the Secretary of Defense, information on Soviet defense expenditures as a share of GNP. Colonel Harrick called [redacted] whose draft reply is attached. This information is to be used in a public address to be made by the Senator.

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2. With your approval, we would like to provide Senator Bentsen with the shares shown by our latest estimates of Soviet GNP at factor cost. OSR sees no security problem in releasing this information. OSR points out, however, that the share of defense in GNP is a subject of some controversy at this time and that OSR is in the process of revising its spending estimates. OSR recommends that if we do release an unclassified series, it be ranged as in the accompanying table. [redacted]

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3. The lower end of the Soviet range is the share of the current OSR Soviet defense expenditure series in GNP. The upper end of the range is obtained by making a generous allowance for future upward revisions of the defense expenditure series.

4. Senator Bentsen wants these figures by noon, Friday, 4 January 1974.

MAURICE C. ERNST
Director
Economic Research

Attachment
As stated

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On file Department of
Commerce release instructions
apply.

~~CONFIDENTIAL~~

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Distribution: (S-5794)

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Defense Expenditures as a
Share of GNP

<u>Year</u>	<u>US a/</u>	<u>USSR b/</u>
1960	10	8-10
1961	11	8-10
1962	11	8-10
1963	10	8-10
1964	9	7-9
1965	8	7-9
1966	9	7-9
1967	10	7-9
1968	10	7-9
1969	9	6-8
1970	8	6-8
1971	7	6-8
1972	6	6-8

Note: Defense expenditures for both the US and the USSR
exclude civil space.

- a. Shares calculated from US Department of Commerce
accounts converted to 1972 dollars using DoC
deflators.
- b. Shares calculated from CIA estimates in 1970 rubles.